

BELLMON PROFILE

COUNTRY NAME: **Guinea**

FISCAL YEAR: **2002**

MONETIZED
TITLE II **Vegetable
oil**

COMMODITIES a market analysis has
been conducted for
wheat/ wheat flour

JOINT **Africare**, lead monetizer
MONETIZATION **ADRA**
PROGRAM **OICI**

COUNTRY BACKGROUND INFORMATION

The Republic of Guinea is a small open economy situated in the Gulf of Guinea, covering an area of 245,857 km². It is bordered by Guinea-Bissau, Senegal, Mali, Cote d'Ivoire, Liberia and Sierra Leone. With an estimated population of approximately 7.6 million and a per capita GNI of \$410¹, Guinea is classified as a low human development country and a **Low-Income Food-Deficit Country** (LIFDC)². The 2002 UNDP's Human Development Index (HDI) report ranks Guinea as the 159th out of 173 countries³. 48% of the population lives below the poverty line⁴.



Africare – Guinea: Weighting of a child at the Hearth Model, Walawala

Guinea has many major mineral, hydropower and agricultural resources. The country holds approximately 30% of the world's bauxite reserves and is the second largest bauxite producer. The mining sector accounted for about 75% of exports in 1999, with products such as bauxite, gold, diamonds and alumina⁵.

Approximately 80% of Guinea's labour force works in the agricultural sector which provides 24.4% of GDP.

¹ World Bank « Guinea at a Glance » www.worldbank.org/data/ 9/23/02

² A Least Developed Country (LDC) is a UN General Assembly classification for “those low -income countries that are suffering from long-term handicaps to growth, in particular low levels of human resource development and severe structural weakness.” A LIFDC is an FAO classification which includes all basic foodstuffs net importing countries with a per caput income below the level used by the World Bank to determine IDA eligibility

³ UNDP « Human Development Report 2001 »

⁴ World Bank *ibid*.

⁵ CIA – « The World Factbook 2002 »

DISINCENTIVE DATA

The main foods consumed locally in Guinea include cassava, corn, millet, sorghum, maize, rice, wheat, and vegetable oil. Table I shows whether each commodity is produced locally, imported and/or programmed.

Table 1: Guinea Food Consumed, Produced, Imported, and Programmed

Foods Consumed locally	Produced locally	Imported	Programmed
Wheat		X	
Rice	X	X	
Veg. oil (clear)		X	X
Sorghum	X		
Corn	X	X	
Fonio	X		
Palm Fruit	X		
Groundnut	X		
Cassava	X		

CROP PRODUCTION

Guinea has a tropical climate with one long rainy season, which runs from May to October. From 1961-1990, Guinea had an average annual rainfall of 1,988 mm, with more rainfall in Maritime Guinea (2,500-mm average) and less in Upper Guinea (1,500 mm).

An estimated 6 million hectares, or 25% of the land in Guinea, is arable and 1.5 million hectares are cultivated each year. Main production period for primary grains is March-July, which is when prices are lowest. Table 2 provides the production levels for Guinea's food crop.

Table 2: Guinea - Domestic Production Levels 1997-2001 (Other Commodities)

Commodity	1997	1998	1999	2000 ⁶	2000 ⁷	2001
Rice	715,649	763,955	815,522	870,570	729,781	779,041
Sorghum	15,469	16,802	18,043	19,376	19,376	20,807
Maize	85,393	88,690	92,113	95,669	95,431	99,116
Fonio	110,860	115,073	119,445	123,985	123,183	127,865
Palm Fruit	46,280	49,057	52,000	55,120	39,135	41,483
Groundnuts	158,076	173,682	190,790	209,582	205,165	225,374
Cassava	775,600	811,869	900,200	998,142	917,601	1,017,436

Source : Ministère de l'Agriculture et de l'Elevage, Service National des Statistiques Agricoles, technical document series, April 2001.

⁶ Before rebel incursions

⁷ After rebel incursions

ANALYSIS OF VEGETABLE OIL MARKET

Table 3: Title II Commodity: Vegetable Oil Production, Imports and Consumption Over Five Years

Commodity	1997/ 1998	1998/ 1999	1999/ 2000	2000/ 2001	2001/ 2002	Average
Clear Vegetable Oil						
Production	0	0	0	0	0	0
Imports (includes both commercial and concessional)	20.0	22.0	24.0	38.9	23.8	26.0
Consumption	65.9	67.8	69.9	72.0	N/A	N/A

Source: USDA FY 03 UMR

Household Consumption Patterns:

There is an availability of approximately 5.67 litres per capita of edible oils and the average consumption of edible oils is approximately 9 litres per capita per year. The consumption is comprised of both clear oils and refined red palm oil. The consumed clear oils consist primarily of soybean oil, rapeseed oil, sunflower oil, and to a lesser degree super-refined palm oil. Red palm oil is utilized differently in the household and consumed more as a sauce with meat or fish over rice. Clear soybean oil such as the type imported and monetized by Africare is the preferred commodity for local consumption.

Clear vegetable oil is preferred due to its versatility and durability. This oil does not have a strong flavour like a sesame oil or palm oil and can be used in the preparation of a range of commonly consumed household food items. The clear soybean oil also has an advantage over palm oil because it can be used for frying more than once. Super-refined palm oil has a low flashpoint and, as a result, burns easily and if used more than once begins to develop a bitter taste.

Domestic Production

There is no domestic production of refined clear vegetable oil in Guinea. All of Guinea's clear vegetable oil needs are met through imports. Prices tend to be highest around the holiday of Ramadan.

The majority of palm oil producers are artisanal, and research has been unable to accurately capture and analyse this data. This is because local palm oil producers are located throughout Guinea and an estimate can only be done by conducting a rather expensive nation wide survey. The production of palm oil begins in mid-March and lasts until mid-July or August. Since the supply of palm oil is most abundant during this period, the prices are lower during these months. In July and August, the prices of palm oil tend to increase sharply, as there tends to be less production of palm oil during the height of the rainy season.

ANALYSIS OF WHEAT/WHEAT FLOUR MARKET

Table 4: Title II Commodities: Wheat/Wheat Flour Production, Imports and Consumption Over Five Years

Commodity	1997/ 1998	1998/ 1999	1999/ 2000	2000/ 2001	2001/ 2002
Wheat and Wheat Flour (Grain Equivalent) Production	0	0	0	0	0
Imports (includes both commercial and concessional)	12.0	110.0	120.0	120.0	n/a
Consumption	113.0	116.4	120.0	123.48	n/a

Source: USDA FY 03 UMR

Wheat/Wheat Flour consumption

The demand for bread products, and therefore wheat flour, tends to be highest in the urban areas of Guinea. FAO reports that the percentage of urban population has risen from 11.7% in 1965 to 29.2% in 1995. The urban population is estimated to increase to 49.4% by 2025.⁸ During these two periods of time, the percentage of calories consumed from cereals has increase from 42% to 47%, respectively. This is most likely a result of urbanisation, which resulted in a change in diet, based more on cereal products, notably bread and rice.⁹

Wheat/Wheat Flour Production:

There is no local production of wheat in Guinea. There is only one importer of wheat in Guinea, Grands Moulins de Guinée (GMG), which is U.S.-owned company with its headquarters located in Nigeria. GMG possesses the only wheat mill in the country. According to GMG management, GMG mills grind on average 270 MT of wheat per day (12,000 MT every 40 days). They imported 100,000 MT in 2000, which is a milled equivalent of 78,000 MT. In an interview with Africare and USAID, GMG reported that it satisfies 65% of the demand for wheat flour, although they reported to USDA that GMG can meet 100% of bcal consumption. Production levels tend to be fairly consistent throughout the year. Price surveys conducted by Africare over a period of 5 months show very little fluctuation in the price for the 50-kg sack of wheat flour.

TAXES AND DUTIES:

Africare has a written agreement with the Ministry of Finance, which stipulates that Africare pays the total taxes of 40.50% due on its imports of vegetable oil into a counterpart fund. The Government of Guinea reimburses this amount as its contribution to the development activities of the Title II partners.

The importation of a Title II commodity other than vegetable oil would require another agreement that specifically addresses the taxes and duties of that commodity and any other Cooperating Sponsor would need its own tax agreement to import any commodity, including vegetable oil.

⁸ ESN-Aperçus Nutritionnels par Pays—Guinée, Organisation des Nations Unies pour l'Alimentation et l'Agriculture, 1999, p. 9.

⁹ ESN-Aperçus Nutritionnels par Pays—Guinée, Organisation des Nations Unies pour l'Alimentation et l'Agriculture, 1999, p. 11.

PORT FACILITIES, STORAGE, AND TRANSPORT

As Guinea is a coastal country, it has a port in the capitol of Conakry. All of the Title II commodities arrive at this port. The Port of Conakry has eight general cargo berths plus one berth for containerized cargo.

There are a total of four warehouses located on the quai at the port and a fifth currently under construction. The Port of Conakry leases these warehouses out to the larger shipping companies. There is one additional warehouses located at the entrance of the port that is managed by the Malian Government and used as transit warehousing for goods en route to Mali.

During the rainy season, operations tend to run more slowly and congestion can occasionally be a problem. The majority of cargo that arrives at the Port of Conakry is break bulk cargo, and this cargo cannot be discharged while it is raining. There are often delays during this season. Also, since there is only one container berth, container ships are often required to anchor for one to two days while awaiting the discharge of the ship in the container berth.

Guinea has a sufficient number of companies that provide trucking for large quantities of commodities. The Ministry to the Presidency of Foreign Affairs and Cooperation has provided a list of more than 20 companies that provide transit/transport services. These companies are legally registered and carry up-to-date insurance on their vehicles.